

# Ministers Reflect

## Nick Clegg



19 April 2018

# Biographical details

## Parliamentary history

2005–17: Member of Parliament for Sheffield, Hallam

## Government career

2010–15: Deputy Prime Minister

**Sir Nick Clegg was interviewed by Daniel Thornton and Tess Kidney Bishop on 19 April 2018 for the Institute for Government's Ministers Reflect project.**

Nick Clegg reflects on how the Coalition took decisions, on the pressures of being “wildly overstretched” as Deputy Prime Minister, and on his relationship with David Cameron.

Daniel Thornton (DT): What preparation did you have for government and, in retrospect, what do you wish you'd had?

Nick Clegg (NC): I think it's fair to say that the preparation was almost entirely devoted to the negotiations to establish the Government, rather than to operate in it. So all the limited bandwidth I had leading the Lib Dems up to the 2010 General Election was aimed almost entirely at planning for, anticipating and then conducting negotiations with, as it turned out to be, the Conservative Party to form a government. That really involved next to no preparation in terms of how to then operate in government.

We were very well prepared for a battle as far as the coalition negotiations were concerned. Others may demur, but I think we were incredibly well prepared and we were confident. I'd established this group quietly, Andrew Stunell, David Laws, Danny Alexander, Chris Huhne, months and months before the [2010] General Election because it was obvious this could have been an eventuality. They spent a lot of time working out different permutations. If we were negotiating with Labour, what would we want, and so on?

So we were well prepared for the negotiations, and we therefore felt we had full ownership of the programme within government at the outset. More than full ownership, we did disproportionately well. We got far more of our Lib Dem policies enshrined into the Coalition Agreement than the Conservatives did. That had an important knock-on effect on the subsequent administration, because it meant that the Lib Dem contingent was probably more committed to seeing it through than I think many people had anticipated. It meant that many of the big reforms that we, in policy terms, introduced in the administration, from the pupil premium, to the tax reforms, to apprenticeships, to Steve Webb's pension reforms, to Ed Davey and Chris Huhne's energy reforms, were led by politicians who were steeped in those policies and were able to lead civil servants.

That's all good. But it meant we were a bit too immersed in policy rather than politics. So we in a sense got the policy bit of the formation of that government right, but not the politics. And we were wholly un-acclimatised to what it meant to operate in government.

All of that is amplified a thousand times over in my case, because I had no model to follow. I know the title was the same, but my role [as Deputy Prime Minister] bore absolutely no relationship to John Prescott or Michael Heseltine. Because it was just a

very brutal symmetry. The Coalition Government couldn't do anything unless both sides agreed. So we had to set up from scratch something which Whitehall has never done before, and certainly has not done since, which is create a sort of two-headed, bicephalous way of making decisions. This in a system which lends itself and is steeped in the culture of hierarchy, only serving the decision making needs of one point at the top of a pyramid. In a sense, we had to create a new ledge next to that top point of the pyramid. And that we did completely from scratch.

So I think even if I had sought, which I didn't, to somehow try and educate myself in the ways of government, I'm not sure it would have done any good because one of the problems I had was that Whitehall was slow at recognising what was needed because a proper coalition hadn't happened before. Much though I've heard the denizens of the Whitehall establishment congratulate themselves on how well they were prepared for the Coalition, that wasn't really true. They were prepared for the negotiations to form a coalition in the narrow sense that they were able to make meeting rooms available and had thought through some of the policy stuff. But they were woefully under prepared for what it actually meant to try and create two streams of authority at the top of government. And I lost precious time and precious political momentum, in that crucial first year or so, trying to get things right.

My failing was that I was slow at recognising that I needed to knock heads together. After Gus O'Donnell [Cabinet Secretary, 2005–11] had left government, he had the good grace to acknowledge that I had not been supported as much as I should have been by the civil service in those early days. That was very big of him to say so, but it was also my responsibility. I spent far too much time in the first few months in government trying to make do with a pretty small, if rather nimble, team. Then it became apparent over time that I needed to massively bulk up my operation. Which I did over time, but it was a big mistake that I didn't do that earlier. I'm not sure if I could have drawn on anyone else's experience, because the administration required by coalition had never happened before.

If and when there is another coalition, which I suspect will happen at some point, institutes like the IfG [Institute for Government] and people in Whitehall need to think much, much more imaginatively of how from the first day to create a proper, symmetrical way of taking decisions. I've said this on repeated occasions to Jeremy Heywood [Cabinet Secretary] and others. I asked Philip Rycroft – he's now Permanent Secretary at DExEU [Department for Exiting the EU] but he was head of my office and we worked many moons ago together in Brussels for Leon Brittan – to write a paper for me, along with Polly Mackenzie [Director of Policy to the Deputy Prime Minister, 2010–15], setting out what the rules of the game are in a coalition, because they just don't exist in Whitehall. It's frustrating that the civil service seems – or at least seemed – so uninterested in doing this work itself for a scenario that is near inevitable at some point in the future. Maybe their document will come into its own sometime in years to come.

**DT: During that first year, you mentioned you lost time and political capital. What were the consequences of that?**

**NC:** The consequences were very human ones. Just being wildly overstretched, under-slept, under-resourced. It didn't do my health much good, I don't think. It meant politically that I was invisible, and it meant that in Whitehall I simply wasn't in a position to really anticipate a lot of the things that were being thrown at me.

You've got to remember that that first year was completely dominated by the comprehensive spending round in the autumn of 2010. Funnily enough, the one bit, thankfully, which worked from the outset was the Treasury. First with David Laws and then Danny Alexander. Here's the great irony: the department which is notoriously the most centralised department in Whitehall was actually by far the most nimble at adapting to coalition decision making. David, and then Danny, struck up a good, mature working relationship with George [Osborne]. George quickly recognised that he just couldn't get anything through Parliament in terms of the Finance Bill, let alone through government, unless he had that consensus. Whether he did it by choice or by necessity doesn't really matter, but he quickly realised he had to be more ecumenical in the way in which Autumn Statements and Budgets were developed. We all knew that we had to shoulder joint responsibility for the comprehensive spending round. So, curiously, the engine room of financial decision making, which was in many ways the leitmotif of the Coalition Government, oddly enough worked well, and worked well from a very early stage.

Civil servants liked it, because one of the things that coalition government does is it prevents 'sofa government'. It prevents circles within circles and informal decision making. It brings things out into the open. They became, understandably, a little exasperated by some of the gridlock that you inevitably got in the latter part of the Government. But, certainly for the first half of the Coalition Government, my impression was that the civil service saw it, rightly, as an opportunity to reinstate formality, process and collective decision making.

Cabinet committees were set up. I chaired the Home Affairs Cabinet Committee and I was Vice-Chair of the National Security Council, Cameron was Chair, and so on.

Then, by accident really, the engine room of decision making became these weekly meetings that Cameron and I would have at the start of each week. Whitehall being Whitehall, they needed to apply some technocratic term to it, so it became instantly known as the 'bilat'. And also the four-way meetings of Cameron, myself, George and Danny in the weeks, sometimes months, leading up to Autumn Statements and Budgets which were soon christened the 'quad'. But of course, they were wholly ad hoc and they revolved in part around the temperament and personalities of the people involved. Much though we were very different in many respects, I think both Cameron and I liked to work quite quickly, not weighed down with too many endless pre- and post-

meetings. So they were light in terms of the presence of officials or special advisers and so on. The 'quad' meetings would often only have a couple of other people in the room. That really did become the engine room of decision making in the Coalition Government, but clearly was an ad hoc invention of it.

So in that sense, it doesn't provide any lessons to a conventional or single-party government. The more interesting question is: can it be built upon in the event that there is a two-party government again in the future? Or indeed a multi-party government.

The informal exchanges are, of course, tremendously important in any decision making culture. Cameron and I would almost always speak on the phone on a Sunday night to compare notes on the week ahead, almost always on a Wednesday or Thursday as well, in addition to the Monday 'bilats'. Much to the exasperation of civil servants, and being the generation we were, there was plenty of texting going on, which was deeply frowned upon.

The one place where decisions were rarely changed was in Cabinet. That seems to me in keeping with both single-party and two-party governments. I can probably count on the fingers of one hand the instances where I felt that Cabinet discussion changed the trajectory of policy in a big way.

But that was not the case in the cabinet committees. Again, it soured a bit towards the latter part of the Coalition, for various reasons. But there was a purple patch for deliberative, generally good-humoured, generally rational policy making in the Coalition of two and a half years or so.

In those early days, cabinet committees were some of the more enjoyable meetings I experienced in government. Because you had a meeting room like this. I'd sit here, the Vice-Chair there, William [Hague] and Ken [Clarke]. I often found myself adjudicating between really quite interesting debates amongst Conservatives! It was a bit odd, but at its best the debates didn't fall along predictable party lines and they covered everything from social care to knife crime, from NHS reform to changes in the curriculum. But then it soured in the end and the meetings fell hostage to some political posturing. But for a while it was a really interesting experiment, a very heterogeneous bunch of people thinking surprisingly thoughtfully and objectively about policy.

**DT: From your point of view, was there evidence brought to bear on decisions, and was the evidence weighed by people around the table?**

**NC:** In the purple patch, as I put it, yes. But there were high-minded and low-minded reasons for that. My interests massively aligned with the civil service in following due process and exposing everyone to the evidence, the facts. As a smaller party in a coalition, simply with fewer bodies around the table and fewer people across

departments, if I wanted to exercise the greatest amount of control over the output of the Government, the more the process was insisted upon the better.

You have this laborious 'write round' culture in Whitehall. In my office, we actively used that to block stuff, to change stuff, which is why towards the end the more hot-headed Conservatives, Michael Gove and [Chris] Grayling and people like that, went sort of rogue. They wouldn't write round to ministerial colleagues with their proposals or wouldn't come to these cabinet committees because they didn't want their political posturing to be challenged by collective decision making, or by the facts.

My wish to extend the Lib Dem imprint across government policy coincided with the relish with which the civil service felt they were able to restore a degree of more transparent process after the long period of 'sofa government' under Blair and Brown. That was obvious and pronounced. And every meeting would be prepared with documents from the civil service and documents from special advisers and so on.

The need for symmetry in political decision making also meant there was quite an exacting symmetry in the work that Cameron and I did ourselves. The paperwork that would appear in our boxes every evening was not identical. For instance, there were areas of government policy where I at a very early stage decided I wasn't going to get too involved. Troop movements in Helmand, he loved all that stuff, he enjoyed military minutiae. He quite rightly regarded it, as did I, as a legitimate exercise of prime ministerial authority. But he, very early on, also knew the things that I'd be neuralgic about: Trident and all the rest of it. He was much less interested than I was in the minutiae of education policy, not least as I became more and more concerned about what Michael Gove was doing. So we'd navigate that and the boxes weren't identical. Partly, the workload reflects function and interest. But in many other respects, the whole system only worked if the Prime Minister and Deputy Prime Minister in the Coalition read and processed material in government more or less simultaneously.

But there is also a human element, and he and I talked to each other about this later on. I would go home usually pretty shattered, with three little kids and Miriam [González Durántez, Clegg's wife] working full-time. And you're given a vast box with 300 bits of paper in it. It almost killed me in the first few months, because I dutifully and rather methodically went through it all to get on top of it. But part of it was this feeling of "Oh my god, both Cameron and I have been given this stuff, so we both have to do it." It became quite a remorseless discipline, I think for both of us, to do our homework pretty assiduously, day in day out, at roughly the same pace.

**DT:** You thought Cameron would be looking at this and if you didn't then he would?

**NC:** Exactly. That was, I would say, a positive, healthy discipline. It was certainly one that I think we both felt.

**DT:** The pressure on you personally must have been very intense. As you say, you had young children, you didn't have a flat above the shop in the way that the Prime Minister did...

**NC:** There was all of that. I underestimated perhaps how physical the job was. Physical resilience is crucial. Plenty of people do this, and you can do it for a while, but I wouldn't recommend it for too long. You can get away with sleeping four or five hours a night, but the difference in that furnace at the very top or centre of government is it never lets up. There's no ebb and flow. It's seven days a week, 365 days a year. That's not so surprising. But I think because I had this under-staffed office, because I chose, or more precisely, my wife chose, that we would stay where we were in South West London, I didn't have the ease of popping upstairs. And I wasn't allowed to go on public transport, so I was endlessly ferried around like a Ming vase in these bulletproof cars. It was really difficult to do all that and get the physical balance right. I was smoking at the time, and I didn't do enough exercise.

The memory plays tricks, so not to over-dramatize things, but my memory is that there was this ghastly arc of time from the comprehensive spending round in the autumn of 2010 to the local elections and the referendum in the spring of 2011 where I was just being pulled limb from limb in the papers every day, right and left. Tuition fees blew up, the party was in a dismal state. After we suffered big losses in the local elections and then lost the referendum in 2011, I vividly remember thinking: "Right, this is either going to knock me down or I'll have to do something about this."

So I switched basic habits. I smoked less, did more exercise, bought a rowing machine, which was put in a cubby hole down the corridor in the Cabinet Office. I would not read the box late at night and instead I would go to bed a bit earlier, get up at five, five-thirty and then do an hour and a half before the kids had to leave for school. This might all sound very mundane, and in many ways it is. But I think for anyone who's going to do the very big jobs in government, one of my top recommendations would be work out how you can remain physically strong and resilient and not be silly about how little one sleeps.

**DT:** You mentioned the civil service keeping you in the picture across government, but there are things that don't get written down in civil service submissions that you need to know. You had ministers in departments, but how did that work in terms of staying in the loop?

**NC:** It was very patchy. It depended massively on the personalities and skills of the individuals concerned.

As I said, Danny and George established a formidable duo. Danny became a really authoritative figure within the Treasury – well beyond what chief secretaries of the Treasury usually are – balancing his loyalty to the department with the job of representing the Lib Dems in tough coalition battles. It is not always an easy balance to

strike – everyone understandably develops a particular loyalty to their department. That caused a few tensions with both David Laws and Vince Cable later on. But that's standard political management for a leader. On the whole, there was a good working relationship as far as Treasury issues were concerned. We certainly had some spectacular rows, but Osborne couldn't really escape the fact that I had a pretty firm handle on key decisions taken by the Treasury, relying very heavily on Danny.

For example, I remember feeling intensely uncomfortable about what was being proposed for the tax rates in the 2012 Budget. George wanted to slash the top rate to 40% and I just got so annoyed that I remember saying in a meeting in Cameron's flat over supper: "Well, we just won't have a Budget at all then." The blood drained from George's face, because they couldn't do anything about it. So I won the argument on substance in the end. We eventually settled on 45% with a delay, and the quid pro quo for us was a massive hike in the personal allowance. I remember rationalising with myself, foolishly, that that would be fine because a 45% top rate was higher than it had been under 13 years of Labour. Little did I know that Labour's amnesia meant they would somehow forget that and claim that it was some egregious tax cut for the rich. My point was that the relationship worked, however fractious it might have been at times.

There were also examples where people with particular expertise were very effective just by virtue of their knowledge and experience. Steve Webb, for instance, and [Iain Duncan Smith] worked very well when it came to pensions, because Duncan Smith didn't know anything about pensions and Steve knew more than any civil servant, and he basically controlled that agenda completely. Much like Chris Huhne and Ed Davey basically ran energy policy. There were some things like the Green Deal, which Chris Huhne understood in forensic detail when almost and no-one else did.

My mental map was there was stuff I needed to worry about and people I needed to worry about, weak links in the chain, and others where I could be more hands-off. With Steve, for instance, I was already a huge admirer of Steve's work on pensions, but I felt he wasn't in a strong enough position in the department to contest some of the spending decisions on welfare, so whilst I let him get on with the pensions reforms, I spent a huge amount of my time stopping the Treasury and the Conservatives endlessly savaging working-age welfare beyond what we'd already agreed. It got a bit ridiculous by the end. Duncan Smith used to regularly come to my office to plead with me to stop something which he couldn't persuade George Osborne to drop. So you had all those permutations.

Then, in other departments, it was much trickier. The Home Office was always a problem. That's why I kept changing the personnel in the Home Office, constantly looking for someone who would be bolshie and difficult enough to rein in Theresa May and Nick Timothy and all these people around her. Lynne Featherstone was there for a bit and did a superb job on some issues, but was sidelined by May on others. Then

Jeremy Browne was there but got completely sidelined and was not in a position to help challenge illiberal measures on immigration, the so-called Snooper's Charter and so on. Norman Baker was more successful. I deliberately appointed him to stand up to Theresa May and her entourage. She was livid when I made the announcement and complained ferociously to Cameron. Because Norman's got a hide as thick as a rhino and is faintly eccentric, he was a perfect foil!

Other departments, I got lulled into almost a false sense of security so perhaps took my eye more off the ball than I should have done. An example is the MoJ [Ministry of Justice], the partnership between Tom McNally and Ken Clarke was absolutely brilliant, from my point of view. It was like having another Lib Dem. I used to joke with Ken, because he used to sit next to me in Cabinet: "It's wonderful having a sixth Cabinet member around the table." For example, his instincts on reducing the prison population size, bearing down on short-term sentencing were excellent liberal ones, so I didn't focus on it – and that, with hindsight, was a mistake. And not just me, my whole team dropped the ball a bit, because we felt it had started so well. For example, the reforms to legal aid, much though the system needed to be changed, we realised far too late some of the negative knock-on effects. By contrast, I was very focused on what was going on in the Department for Education. I had a passionate interest in it, and I put David Laws there. I spent a huge amount of time having increasingly acrimonious battles with Michael Gove, about free schools and spending and all the rest of it.

The Ministry of Defence was interesting, because the Ministry of Defence, a bit like the Home Office, by culture is very centralised, hierarchical. But I kind of didn't mind because I thought, well, we carved out this Trident issue which Danny handled very impressively. All the other big defence issues had to be discussed between Cameron and myself in any event, or had been part of the comprehensive spending round or had to come to the National Security Council. So I took a very capable minister out of that department, Nick Harvey, who was understandably very unhappy about it, but it made sense in terms of the balance of resources in the Coalition. Because I thought: "Well, it's just not where we should focus our limited political resources."

The Foreign Office, similarly because (a) I had a fairly good relationship with William Hague and (b) I saw early on that the big foreign policy decisions would come across my radar screen anyway. You've got to understand, from my point of view, I had a limited number of chips to throw on the Whitehall board. I basically had to take Lib Dems out of any area where we didn't have vital political interests or where me or my team could do the heavy lifting ourselves.

Famously the department that led on the fateful policy on tuition fees was led by a Lib Dem. With the benefit of hindsight, it would have been immeasurably easier for me to ask tougher questions if it wasn't someone from my own side. Vince, for reasons which he can both explain and I think he's quite right to defend, was very adamant that the cuts that his department had to make should not fall on FE [further education] more

than it would do otherwise. He has a huge personal attachment to FE, which is quite right in terms of social justice and mobility. So for those personal and political reasons, the cookie crumbled in such a way that Vince felt that a significant reduction in the direct subsidy to HE [higher education] was justified, given the other competing claims on his department's resources.

I vividly remember two things about that time. One, he and David Willetts came into my office and said: "We've got no choice but to do X, Y, Z." I remember saying to them: "Can't we wait a year? You're springing this on people." I remember David replying to me, a little animatedly: "Universities have to publish their brochures for the next academic year, so they need to know now." I also remember asking: "This is basically a graduate tax. Why can't we call it a graduate tax?" They didn't give an answer. So I got Jeremy Heywood, and I said to Jeremy: "Can you help?" Jeremy used to come into my office once or twice a week, on a Monday and Tuesday, as well as sitting in the meetings between myself and Cameron. I asked Jeremy to convene a meeting of permanent secretaries to see if they could introduce the reform by way of a graduate tax. I got the answer, which you will be familiar with: "That doesn't work with the PSBR [public sector borrowing requirements], the accounting methods and so on, and there are issues about recouping tax from graduates who go overseas."

I recount all of this not to rake over the policy, but to illustrate that the personality of secretaries of state, if you are a Prime Minister or a Deputy Prime Minister, have an important bearing. Cameron and Osborne were curiously, for instance, reticent about ever telling Theresa May what to do. I was tougher on her than they were. All of that matters. How process layers onto personalities in government is unpredictable.

The Cabinet Secretary in a coalition is in a difficult position because they are, in a sense, serving two masters. Jeremy did that with great skill. But I was slow to recognise that however dutiful he was in trying to keep things in balance, at the end of the day his ultimate loyalties were with the Prime Minister. So things only really changed when I got some new official fire power in my office, key civil servants like Philip Rycroft and a very good Principal Private Secretary, Lucy Smith, who worked alongside my superb team of special advisers led by Jonny Oates. Then I felt that if I wasn't happy with the drift of decision making, driven by Jeremy as much as by the Conservatives, I could do something about it. It just took me a while to get the wherewithal.

There was a big clash about RBS [Royal Bank of Scotland] bonuses, for instance, where George and Jeremy were absolutely adamant that we had to sign off absurdly generous bonuses, some of which would go to RBS analysts in the US. It was a publicly-owned bank and we were going to underwrite huge bonuses in America! The Chair of RBS at the time, Philip Hampton, and a Treasury official, John Kingman, came to see me. The argument went on and on and Jeremy was really very adamant. So one of my special advisers, Chris Saunders, said: "I have the solution. You should write your objections in a letter to George Osborne and he'll immediately think it's going to be leaked and he'll

buckle.” So I dutifully did that, and within 24 hours I got my way! Jeremy, to be fair, very graciously told me about two or three months later: “You were absolutely right, the roof didn't fall in on our heads.” I only retell the story because in this curious thing, coalition, given that the Cabinet Secretary's primary duty is to serve the Prime Minister and to do so in this very hierarchical, pyramid type culture, it's a really difficult job for them to juggle. And I'm not sure if we, even after five years, arrived at the right balance really.

**DT: You mentioned that you felt that, particularly in the first year, you didn't communicate all that much publicly. What was your role in the grid [of upcoming announcements]? Was it something that you spent a lot of time on?**

**NC:** I didn't, but our two offices would. The grid is a bureaucratic tool, it wasn't something Cameron or myself would immerse ourselves in directly. There was endless to-ing and fro-ing between special advisors about who would make which announcement. Oh god, the grids around budgets were just... it's ghastly to think about. Endless arguments about “I would say this on *Marr* and this one would say this on the *Today Programme* and Danny can do *Newsnight*.” Endlessly.

**DT: But you left that to the team?**

**NC:** Yes, though sometimes I'd get involved in specific arguments about the timing or presentation of specific measures, particularly at budget time and particularly as the Government went on. At times it became extraordinarily childish. Four grown up politicians would tussle about who would make which announcement about tax!

**DT: This was in the quad?**

**NC:** Yes, on the Budget stuff. Because, from our point of view, we would spend weeks if not months poring over these great spreadsheets, and you could immediately see politically which were the ones that shimmered and shined and which were the ones which were going to make a splash. When Lynton Crosby came on the scene, for instance, he immediately saw how politically resonant the lifting of the income tax threshold was. I was amazed that Cameron and Osborne hadn't seen it before. He immediately said: “Right, well, that's going to be ours thank you very much,” and splashed it all over Conservative literature and on the banner at the Conservative conference and so on.

It used to drive me completely round the bend when Osborne used to sit around in rooms like this and say: “Well, if you want your tax allowance to go up you'll have to concede on something else.” I'd then say: “George, who do you think you're kidding? You want to do it and you're going to claim credit for it anyway”, at which he'd sort of smirk. So you'd have this extraordinary Rubik's cube of claim and counter-claim and ownership and counter-ownership, and who's going to announce what around the time of Budgets and Autumn Statements and so on.

Then both the teams would work on the wider grids, much of which I wouldn't spend too much time on. They would appear in my box, but then that would be very much something I would happily leave Jonny Oates, my Chief of Staff, and the comms special advisers to deal with.

On the comms point, which is a slightly adjacent one, again I realised far too late that I completely failed to create a visual, theatrical, optical description, a photographic description of who I was and what I did. In fact, so late I couldn't do anything about it by the time I realised how important this was. There was a lovely, rather ferocious lady whose name I can't now remember, who seemed to be always in Downing Street looking after the running of the building. She was clearly under strict instructions never to let me ever talk to the press or make any announcements from the steps of Number 10. From the Conservatives' point of view, bloody right. They realised much more than I did that the trappings and physical orchestration of power is immensely important. Similarly in Parliament, I naively thought, it's a coalition government so we'll have a coalition representative on the frontbench, on the government bench, and in PMQs [Prime Minister's Questions] I should sit next to Cameron. It didn't occur to me that would be a visual weakness rather than a visual strength. So all of that I misjudged, and those misjudgements were entirely mine.

**DT: You didn't have an events team that thought about that stuff? You didn't have your own aggressive person?**

**NC:** I had very good people, but I think that the emphasis on policy making rather than the presentation of politics, the fact that we were all so overstretched, and the inexperience of the team in terms of government roles – all of these things came into play.

It sounds extremely odd now, but in the 2015 General Election there was quite an assumption, amongst everybody really, the commentariat and psephologists and so on, that there was a strong chance that the Coalition would repeat itself. So I got my team to think about it and said: "I don't want to repeat this mistake again." If you go through the gates at Downing Street there's a building on the right, Number 9, David Davis is there now I think. That was the place that my team thought I should have as my office, if there was another coalition, because the building had identifiable doors and steps for a DPM [Deputy Prime Minister]! Polly [Mackenzie] and some officials even found out whether it could be let, whether we could take it and how much space there would be and so on.

In as much as this material can be used as a handbook for people who may or may not in future have to do these things, I would strongly recommend that as well as the insightful recommendations about getting some sleep and all the rest of it, I'd also strongly urge them to pay heed to the need for having an independent visual identity in the government jungle. Appearances, for better or worse, matter.

### **Tess Kidney Bishop (TKB): How did you manage your relationship with Cameron?**

**NC:** Perhaps more with hindsight as much as I felt at the time, it was hugely dependent on the two personalities involved. Arguably I worked with him as intensively as anyone I've worked with in my political career, and I should think vice versa. By the end, I suspect I knew his strengths and weaknesses better than I knew the strengths and weaknesses of some of my own party colleagues, and I should think vice versa. You spend half a decade assembling a government, going through all these endless crises, going through all the ups and downs, under very high-pressure environments, so you get to know each other.

While we were very different in many respects, we were both quite unfussy and quite impatient in trying to cut to the chase quickly on things. So we were able, on the whole to take decisions quickly, which was a huge virtue. We both, I think, either had misplaced self-confidence or impatience or both, not to allow complexity or controversy to stop us from making the decisions that had to be made. That meant that certainly for the bulk of that coalition government – it gummed up a bit towards the end – we were able to crunch through stuff quite swiftly. Both of us felt, right until the end, that above and beyond everything else the strength of the Government and our political fortunes depended on us demonstrating that, day in day out, we could take decisions. I think we both thought, if you're in government, do something with it, that if you're lucky enough to be in power, and you're not going to be there forever, you might as well do stuff. That was a really important recipe driving the Coalition forward.

This may have led to a slightly breathless pace of decision making at times, particularly in the early days. And there were clearly some errors; letting Andrew Lansley bog us down in that evermore circular reform of the NHS was a huge mistake. But nonetheless, it confounded all the expectations that if you have two people taking a decision, it's going to be slower than one. Oddly enough, and not least because of the things I said to you earlier, you're constantly having to run to be in harness with the other coalition partner. So it also creates an incentive for active decision making.

I think we both had an ability to laugh at ourselves too and humour played an important role in diffusing difficult situations, releasing a sense of pressure. Because, in a rather symmetrical way, he was under huge pressure from the right of his party and I was under pressure from the left of mine. And neither of us had a huge incentive to push either too much into the hands of those wings of our parties.

Over time we both became attuned to each other's priorities, to sense what was serious and what wasn't, whether arguments were confected or whether they were real, whether it was personal or political, all that kind of stuff. He used to be nonplussed about some of the things I would get very stubborn or difficult about, and I'd be completely nonplussed about some of the things he would dig his heels in on. It was helpful that we spoke on the phone quite often, invariably at the end of the weekends,

and having these meetings on Monday, which act as a pretty effective filter. The things we discussed were almost always problems which couldn't be resolved by others. In a very practical way, our job was to find agreement where others had not been able to.

If you know you don't agree with the person you're talking to from the outset, it removes any of the emotional fractiousness because you're not surprised that you don't agree. So if you disagree and you're open about your disagreement and try to find agreement, you might succeed or fail, but it's actually quite a straightforward transaction.

There were very few occasions when I can remember either of us really losing it with each other. I remember he really lost his temper and cool when I vetoed the re-drawing of the constituency boundaries, because I was incensed that they'd pulled the plug on House of Lords reform. Unsurprisingly, because that was his ticket, at least he thought at the time, to a majority. I would lose my temper badly about what Gove would be up to. And I remember once having a bizarre tug of war with George about who would announce money in Manchester or Sheffield. This bizarre thing where two London-educated politicians who represented northern seats on either side of the Pennines, were at each other's throats about a major announcement concerning further devolution to Manchester and Sheffield. I got very hot under the collar about that.

**DT: So you were able to have constructive disagreement with Osborne and Cameron?**

**NC:** Oh, yeah.

**DT: But you painted a picture earlier of it being harder for you to have that disagreement with Vince Cable.**

**NC:** It was different. I totally understood why Vince had arrived at the conclusions he had. I respected then, and still do now, that his fervour for protecting FE, which was under pressure, was the right one. But it's the same with Cameron and Lansley. I bet you if the Lib Dem Minister had proposed the Lansley reforms, Cameron would have much more readily said: "Hang on a minute, this is a bit bonkers." If a Tory had come up with a proposal to triple tuition fees, I would have been much more aggressive. It's the nature of things. If your own side comes forward with something, maybe it dulls the critical faculties.

**TKB: What do you see as your biggest achievements in terms of things you stopped happening in coalition?**

**NC:** Ah, they're so numerous!

Where I really regret I didn't stop some specific changes was in the justice area. I just feel we dropped the ball a bit there. I guess it just shows how difficult it is to keep an eye on every nook and cranny of Whitehall.

On education, it was almost on a daily basis, stopping crazy ideas from Dominic Cummings and Michael Gove.

With George, the proof is in the pudding. The moment we were out of government, he went ahead and took £12 billion out of working-age welfare. And as the IFS [Institute for Fiscal Studies] and others have said, therein lies the bulk of the most regressive effects of the welfare changes. A lot of the welfare changes we did, certainly in the first part of Parliament, were sort of on fat in the system which actually, in distribution terms, didn't have a very regressive effect. This £12 billion is just downright regressive. It is punitive to those who are most vulnerable, and I obviously stopped that from happening in the Coalition.

Probably the most significant one, now I think about it, was when the Treasury realised that we were not going to meet the initial deficit reduction timetable, clearing the structural deficit by the end of the Parliament. We had a meeting in the Cabinet Room and Nick Macpherson was there, he was then the Permanent Secretary at the Treasury, and George and Danny and David. Danny was quite quiet. I was told we needed £13 billion of additional cuts in whatever that forthcoming Budget was, in order to try and remain on track. I just said: "No way, we'll just have to take longer to balance the books. We're not going to chase our tails with panic cuts." Cameron and Osborne said very little, they basically let Macpherson make the case. He made the classic Treasury case, "For the markets to retain confidence in UK plc we can't depart from our plan..." and so on. After I repeated my opposition, Rupert Harrison [Chief of Staff to Osborne], then piped up and said: "That makes sense, we should just say we'll do the same job but it will take a bit longer." Which of course is what we ended up doing as a country. Of all the countless decisions I blocked, that was probably actually with hindsight pretty significant. I got the strong impression that if I hadn't been there those big additional cuts would have gone through. And I think I was right, dare I say it. In the end, the pace of our deficit reduction during the Coalition years ended up being less than that planned by Gordon Brown and Alistair Darling. They had pledged to halve the deficit in four years, we took a little longer.

So, since you invited me I've given you a self-promoting and flattering interview [*laughter*]. No, but that was quite important, I think. And obviously vetoing the whackier immigration stuff which we've talked about.

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